basis. Similarly, R&M/LE would require to be undertaken for old hydel power plants on priority.

4. Effective functioning of State Electricity Regulatory Commissions is essential for rationalization of tariff, and balancing the interests of the consumer and the need for commercial viability of the utilities in the environment where private sector participation in the industry is expected to gradually increase.

5. Unbundling and corporatization of State Electricity Boards/ bench-marking through separate distribution profit centres/corporations/ companies may facilitate the Regulatory Commissions in prom- oting competition within the power supply industry—competition being the key to lower prices.

6. It was noted that the power system network in country has an unmatched reach to consumers and with the installation of optic fibre cables along the existing power lines using its right of way, it has the potential of generating very large resources in the coming years by providing facilities for multipurpose communication including cable TV, IT services, Telecom services. etc. Hence efforts need to be made to creatively tap this potential source of large revenue from convergence.

7. In order to promote reforms, a new draft central legislation which obviates the need for separate enactments for the States, is being considered. The draft Bill submitted by the NCAER would form the basis for a national debate and a consensus on the contents of the new Bill. The States would be sending their detailed comments on this draft Bill, to the Ministry of Power at the earliest.

Conference of State Power Ministers

2240. SHRI ABANI ROY: Will the Minister of POWER be pleased to state:

(a) whether a conference of State Power Ministers was held recently at New Delhi;

(b) if so, the details of discussions held in the conference and outcome thereof;

(c) whether the financial health of the SEBs have been deteriorating day by day;

(d) if so, whether the factors responsible for the poor financial health of SEBs were also discussed in the Conference; and

(e) what new strategy have been formulated to improve the health of SEBs?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) to (e) Yes, Sir. The Conference of State Power Ministers was held on 26.2.2000. The Conference took note, *inter alia,* of the continuing decline in the commercial viability of the power sector and the factors responsible for the unsustainable financial situation were also discussed. The resolution passed in the Conference is at Statement (*See* below).

Statement

Resolutions of the Chief Ministers/Power Ministers Conference held on 26.02.2000

The Power Ministers' Conference took note of the impending difficult situation facing the power supply industry in the country due to continuing decline in commercial viability of the sector as a whole. It noted the fact that:—

Outstanding dues of CPSUs have been increasing and have now reached Rs. 23,000 crores. This trend if maintained would adversely affect their current operations apart from inhibiting their future expansion plans.

(i) Financial closure for private power projects is becoming increasingly difficult.

(ii) The states are unable to finance new projects on their own.

(iii) Increases in budgetary support from state governments as well as central government for this sector is not feasible due to fiscal deficits.

The primary factors responsible for this unsustainable financial situation are:

(i) Theft and pilferage at the macro level are estimated to be over Rs. 20,000 crores per annum.

(ii) Technical losses in transmission & distribution for the country are also too high.

(iii) Large number of the thermal stations in the state sector run at an operational efficiency of less than 40%.

(iv) The average annual operational losses of the State Power Sector for the country is over Rs. 12,000 crores.

It was also recognised that the cross subsidies cannot be sustained if industrial tariffs make Industry non-competitive in the new environment of increasing globalisation with elimination of quantitative and other restrictions. It becomes necessary to ensure that Indian Industry is not handicapped by unsatisfactory power supply or by tariff which makes it non-competitive. Further, the consumer, including the farmer has a legitimate claim for uninterrupted good quality power supply. His willing- ness to pay reasonable costs is underestimated.

Resolutions

The Power Ministers' resolved after taking into account all the problems facing the power sector, that with the intention of achieving commercial viability and providing power at reasonable rate to all, reform must be undertaken with determination, vigor and a sense of urgency. Delay in reform only increases the financial cost of reforms, and the burden of liabilities only increases. Reforms must begin to show results within the next 2-3 years. The key elements of the reform strategy are:—

a. Energy Audit at all levels.

b. Time-bound programme of 100% metering of all consumers by December 2001.

c. Reduction and finally, elimination of power theft within a specified time frame.

d. Strengthening/upgradation of sub-transmission and distribution system by taking sub-station as an unit on a priority basis.

If the above appears unattainable in the existing set up corporatization/ cooperatization/privatization of distribution, would have to be undertaken.

Since a large number of thermal stations within the State sector are running at a PLF below 40%, immediate Renovation & Modernisation including Life Extension would need to be undertaken on an urgent basis. Similarly, R&M/ LE would require to be undertaken for old hydel power plants on priority.

Effective functioning of State Electricity Regulatory Commissions is essential for rationalization of tariff, and balancing the interests of the consumer

and the need for commercial viability of the utilities in the environment where private sector participation in the industry is expected to gradually increase.

Unbundling and corporatization of State Electricity Boards/ benchmarking through separate distribution profit centres/corporations/companies may facilitate the Regulatory Commissions in promoting competition within the power supply industry—competition being the key to lower prices.

It was noted that the power system network in country has an unmatched reach to consumers and with the installation of optic fibre cables along the existing power lines using its right of way, it has the potential of generating very large resources in the coming years by providing facilities for multipurpose communication including cable TV, IT Services, Telecom services. etc. Hence efforts need to be made to creatively tap this potential source of large revenue from convergence.

In order to promote reforms, a new draft central legislation which obviates the need for separate enactments for the States, is being considered. The Draft Bill submitted by the NCAER would form the basis for a national debate and a consensus on the contents of the new Bill. The States would be sending their detailed comments on this draft Bill, to the Ministry of Power at the earliest.

Power Reform Scheme for States

2241. SHRI ABANI ROY: Will the Minister of POWER be pleased to state:

(a) whether the attention of Government has been drawn to the news-item captioned "Power reforms scheme for States soon" as reported in the 'Statesman' dated 7.12.1999;

(b) if so, whether the power sector reforms have been lagging behind and Government propose to discuss the issue with the State Governments; and

(c) if so, what further steps Government propose to take in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA) (a) to (c) Yes, Sir. In order to address the various issues related to reforms, a Power Ministers/ Chief Ministers' Conference was held on 26.2.2000. A copy of the Resolution adopted in the Conference is enclosed.

Resolutions of the Chief Ministers/Power Ministers Conference held on 26.02.2000

The Power Ministers' Conference took note of the impending difficult situation facing the power supply industry in the country due to continuing